

Economic Growth From  
**Hoosier Homegrown Energy**



**Indiana's Strategic Energy Plan**



**energy.IN.gov**

2006



# HOOSIER HOMEGROWN ENERGY

## The Problem

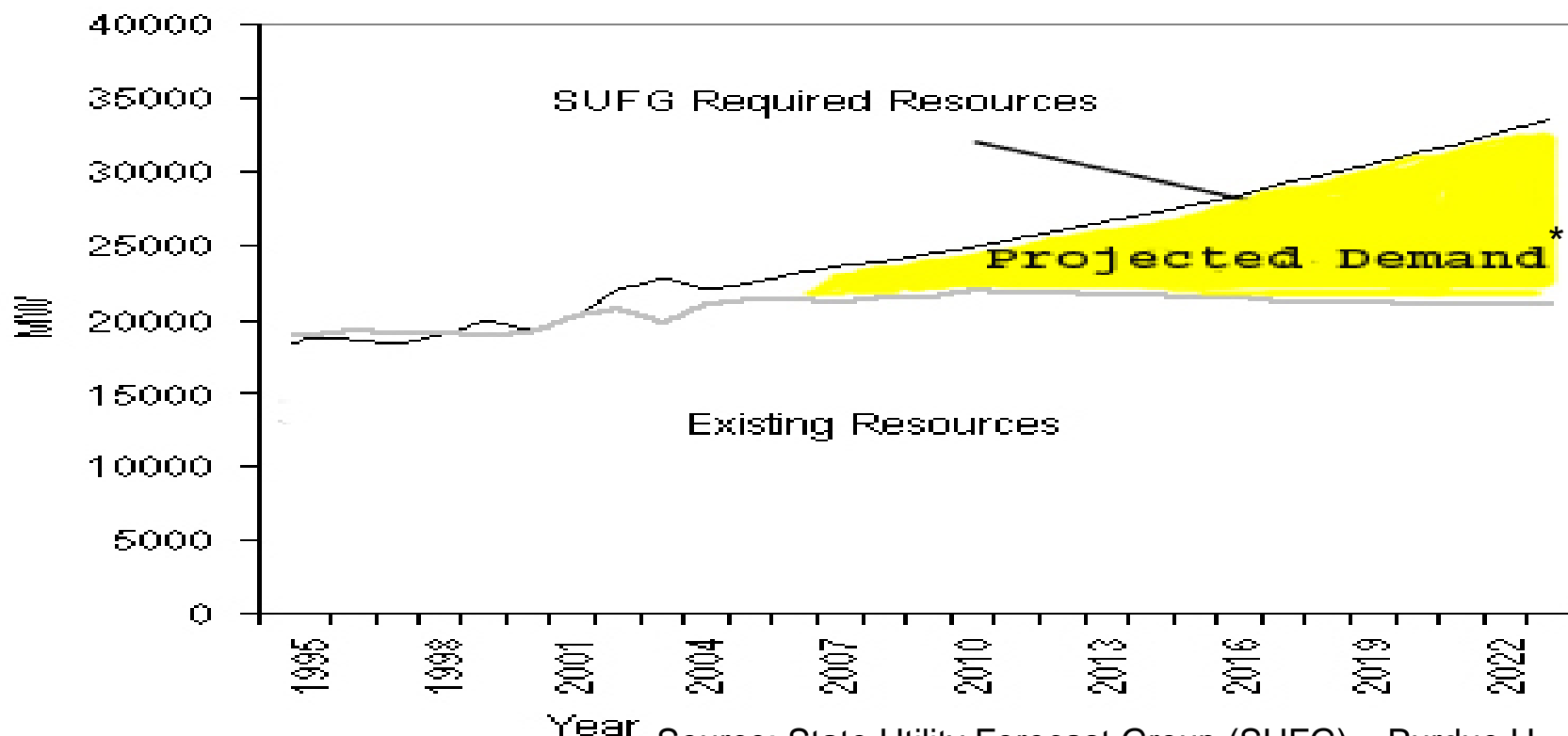
### **1. Indiana is about to become a net importer of electricity.**

- More vulnerable to supply disruptions
- Competitive advantage at risk

### **2. Indiana is also hostage to the high – and rising – price of oil and natural gas.**

- State is 6<sup>th</sup> largest per capita natural gas consumer

**Indiana risks losing a critical economic advantage – its relatively inexpensive and reliable energy supply**



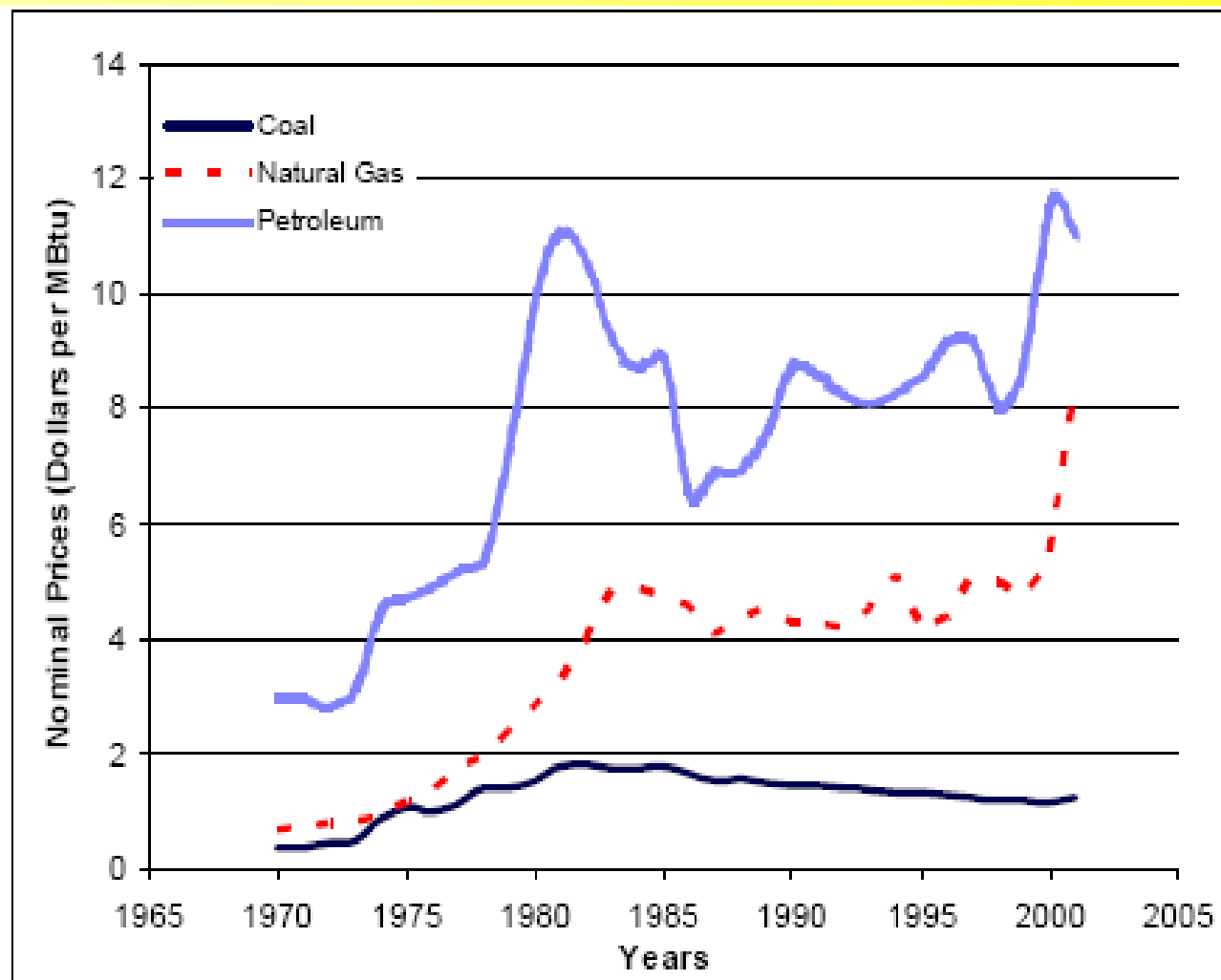
Source: State Utility Forecast Group (SUGF) – Purdue U.

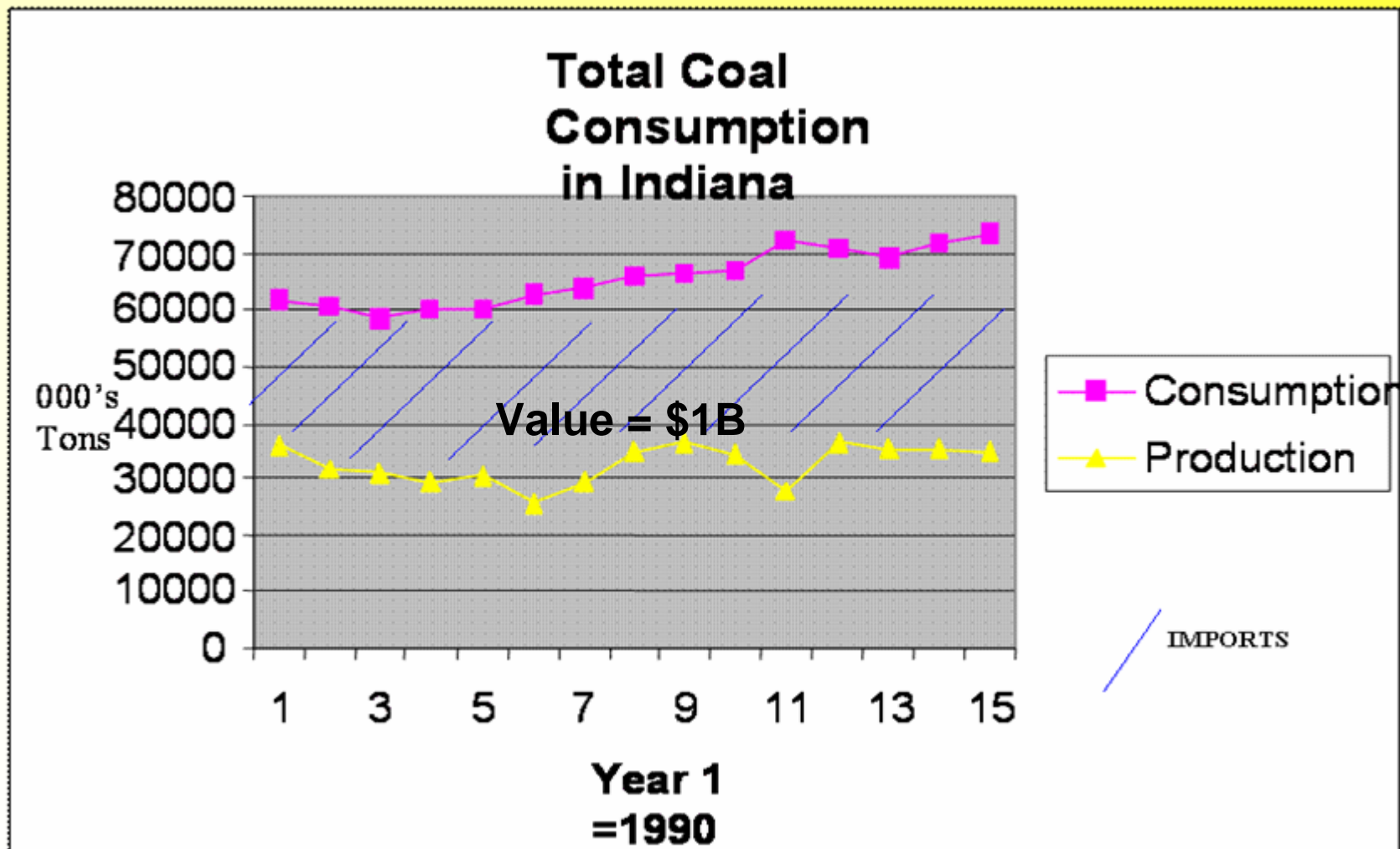
\* Demand Includes 15% Marginal Reserves

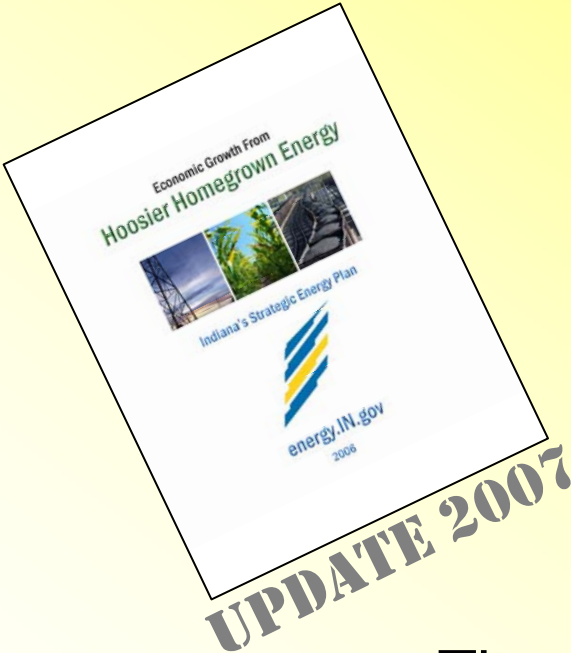
- Indiana has not built a new baseload generation plant in the last 20 years
- Both more megawatts and “negawatts” from conservation are needed



**The price of  
oil and gas  
has exploded  
– and is  
trending still  
higher**







**Hoosier Homegrown Energy commits Indiana to use new and emerging technologies to convert Indiana coal, corn, soy and other renewable sources to energy.**

- Thousands of new high paying jobs
- More stable, affordable energy supplies for consumers
- A stronger hand in attracting new employers to our state



## KEY ACTION ITEMS      One Year Later

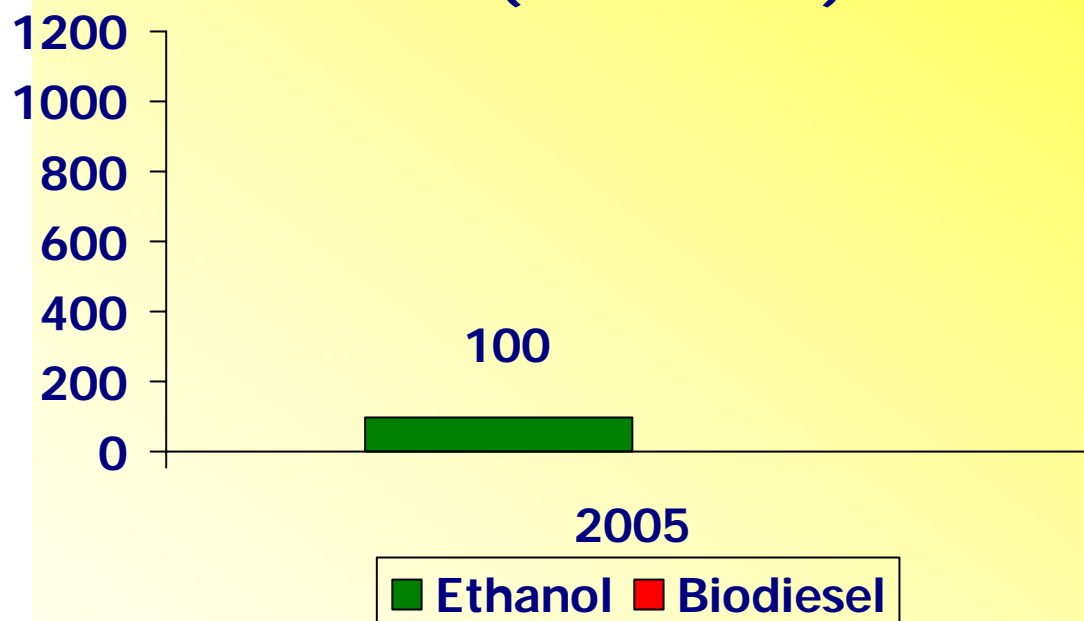
- Actively pursue new “clean coal” and biofuel projects
  - ✓ 23 projects totaling \$6 billion in capital and hundreds of new jobs
- Commit state govt to purchase 10% of its electric load from renewable IN sources by 2010
  - ✓ IDOA purchasing 7% in 2007, on track for 10% in 2010, 25% in 2025
- Provide incentives for utilities to help their customers use energy more efficiently
  - ✓ IURC approved Vectren decoupling plan
- Strengthen/Expand energy infrastructure including rail
  - ✓ Study determines filling 17-mile gap in 300 mile rail line would significantly increase use of Indiana coal



## 2005



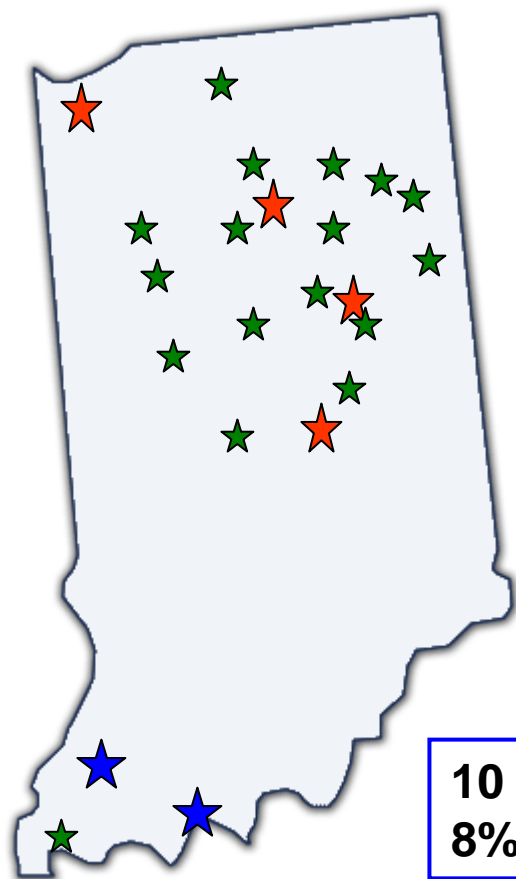
### ANNOUNCED CAPACITY (MM Gallons)





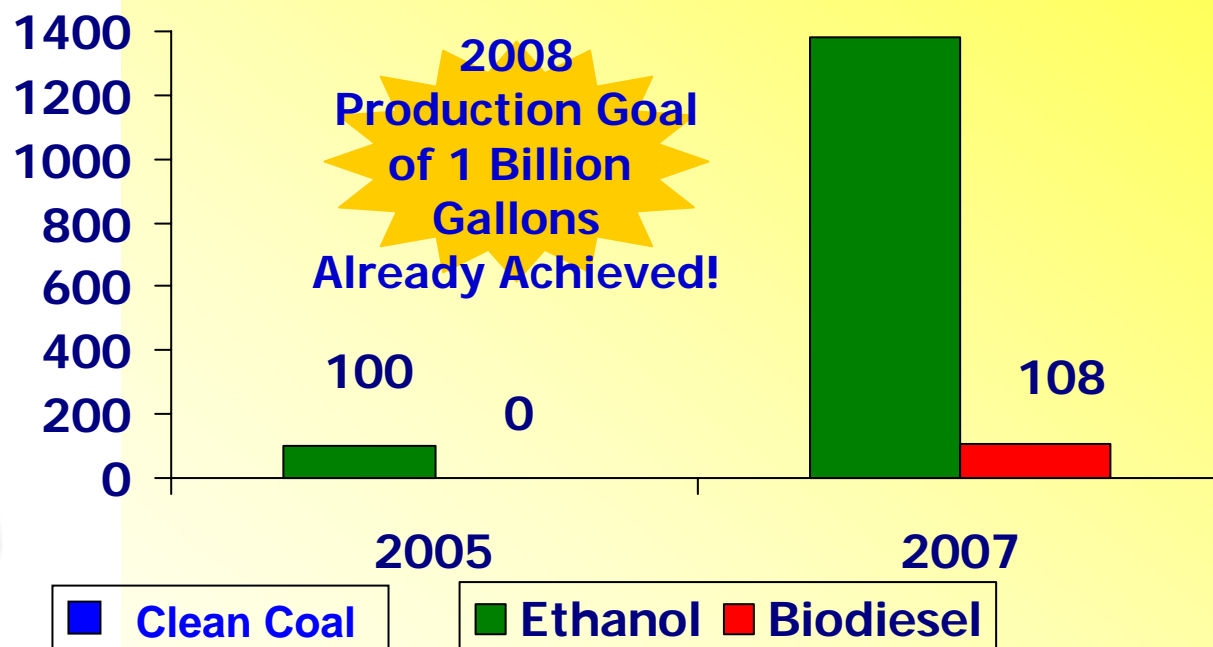


## Two Years Later--2007



### ANNOUNCED CAPACITY

(MM Gallons)



10 New Ethanol Plants Operating or Under Construction  
8% of US ethanol production projected in 2008



# New State Biofuels Policy

- Goal—State leadership in next generation biofuels development, production and transportation
  - Seek 3<sup>rd</sup> round of Clean Energy tax credits for cellulose/biomass projects
  - State funding to support R&D on cellulosic/biomass technologies



# New State Biofuels Policy

- Goal—State leadership in next generation biofuels development, production and transportation
    - Seek 3<sup>rd</sup> round of Clean Energy tax credits for cellulose/biomass and clean coal projects
      - ✓ Energy bill provides \$20 million for cellulosic production credits and extends clean coal credits to synthetic natural gas production
    - State funding to support R&D on cellulosic/biomass technologies
      - ✓ Competition under way led by IEDC
- “Indiana has created the most comprehensive, aggressive, and diversified portfolio of clean coal financial incentives.”
- National Conference of State Legislatures



## Edwardsport Integrated Gasification Combined Cycle (IGCC) plant

First new baseload Indiana power plant in 20 years

This clean coal plant will produce virtually no emissions while providing Indiana with a needed new source of electricity





## Synthetic Natural Gas Plant to be located in Southwestern Indiana

SYNGAS plant will produce pipeline quality natural gas from Indiana coal.

- Production should reach 40 billion cubic feet of gas each year. **This one plant will supply over 20% of future residential and commercial gas demand.**
- It will provide needed electricity for northwestern Indiana.



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